

P C Cox (Holdings) Limited
Annual report
for the year ended 31 December 2004

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P C Cox (Holdings) Limited

Annual report for the year ended 31 December 2004

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Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company and group for the year ended 31 December 2004.

Principal activity

P C Cox (Holdings) Limited is the holding company of a group serving the chemical sealants and adhesives market worldwide.

Review of business and future developments

2004 was a year of consolidation with the fall in turnover of the last few years being reversed in the core sealant applicator business both in Europe and the USA, and the fall in sales of castings from Mays being arrested.

The marketing and branding of the Cox product continue to gain momentum as a number of major customers have added their weight to the promotion of Cox. In the USA the Lowes business continues to grow strongly.

At Ark Plastic Products much work has been done in setting in place all that is necessary to support the dental project. This system will be in the market place in 2006. Alongside this, the growth in contract moulding shows good potential as we offer clean room facilities alongside improved quality control.

On 31 January 2005 the group successfully negotiated a refinancing with their bankers, HBoS. The outstanding loan of £7.8m will be payable over a period ending 2010.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

The directors do not propose the payment of a dividend for the year ended 31 December 2004 (2003: £nil).

Directors and their interests

The directors who held office during the year are given below:

J O'Connor
R Hart
G Brooke
F J Lumb

The interests of the directors in shares of the company as at 1 January 2004 and 31 December 2004 were:

	Ordinary shares of 1p each Number
J O'Connor	22,900
F J Lumb	27,000

Charitable donations

Charitable donations of £2,058 (2003: £530) were made during the year.

Employees

The group's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and news letters which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements would be made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business (see note 1).

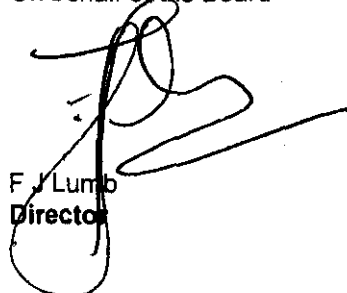
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



F. J. Lumb
Director

**Independent auditors' report to the members of
P C Cox (Holdings) Limited**

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, the statement of group total recognised gains and losses, the consolidated cashflow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards, are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2004 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

6th December 2006

Consolidated profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover	2	15,288	15,054
Cost of sales		(8,703)	(8,297)
Gross profit		6,585	6,757
Selling and distribution costs		(1,566)	(1,593)
Administrative expenses		(5,898)	(5,704)
Operating loss	5	(879)	(540)
Interest receivable and similar income		32	24
Interest payable and similar charges	6	(2,388)	(2,215)
Loss on ordinary activities before taxation		(3,235)	(2,731)
Tax on loss on ordinary activities	7	(155)	277
Loss for the financial year	19	(3,390)	(2,454)

The group's results for the years shown above are derived entirely from continuing operations.

There is no difference between the loss on ordinary activities before taxation and the loss for the years stated above, and their historical cost equivalents.

Statement of group total recognised gains and losses

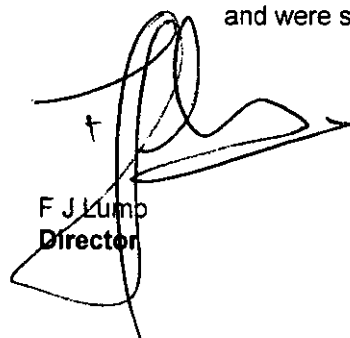
	2004	2003
For the year ended 31 December	£'000	£'000
Loss for the financial year	(3,390)	(2,454)
Currency translation differences on foreign currency net investments	(115)	(152)
Total recognised losses relating to the year	(3,505)	(2,606)

Balance sheets as at 31 December 2004

	Note	Group		Company	
		2004	2003 (restated)	2004	2003
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	5,635	8,036	-	-
Tangible assets	10	4,870	4,558	-	-
Investments	11	42	42	7,132	7,132
		10,547	12,636	7,132	7,132
Current assets					
Stocks	12	1,409	1,364	-	-
Debtors	13	3,210	2,580	1,061	347
Cash at bank and in hand		632	1,019	27	25
		5,251	4,963	1,088	372
Creditors - Amounts falling due within one year	14	(10,784)	(6,792)	(725)	(649)
Net current (liabilities)/assets		(5,533)	(1,829)	363	(277)
Total assets less current liabilities		5,014	10,807	7,495	6,855
Creditors - Amounts falling due after more than one year	15	(13,948)	(16,275)	(10,476)	(9,171)
Provisions for liabilities and charges	16	(53)	(14)	-	-
Net liabilities		(8,987)	(5,482)	(2,981)	(2,316)
Capital and reserves					
Called-up share capital	18	10	10	10	10
Share premium account	19	824	838	824	838
Profit and loss account (deficit)	19	(9,821)	(6,330)	(3,815)	(3,164)
Equity shareholders' (deficit)	20	(8,987)	(5,482)	(2,981)	(2,316)

The financial statements on pages 4 to 27 were approved by the board of directors on
and were signed on its behalf by:

6/12/05


F J Lump
Director

Consolidated cash flow statement for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Operating activities			
Net cash inflow from continuing operating activities (see page 8)		1,680	2,887
Returns on investments and servicing of finance			
Interest received		32	24
Interest paid		(608)	(682)
Interest element of finance lease payments		(9)	(2)
Net cash outflow from returns on investment and servicing of finance		(585)	(660)
Taxation		(26)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(638)	(332)
Purchase of own shares		-	(25)
Net cash outflow for capital expenditure and financial investment		(638)	(357)
Cash inflow before financing		431	1,870
Financing			
Repayment of loans		(194)	(2,410)
Capital element of finance lease rental payments		(56)	(14)
Net cash outflow from financing		(250)	(2,424)
Increase/(decrease) in cash in the year	22	181	(554)

Reconciliation of operating loss to net cash inflow from operating activities

	2004 £'000	2003 £'000
Continuing activities		
Operating loss	(879)	(540)
Amortisation of intangible fixed assets	2,401	2,401
Impairment of intangible fixed assets	-	547
Depreciation of tangible fixed assets	518	577
Loss on disposal of fixed assets	41	16
(Increase)/decrease in trade debtors	(393)	317
Increase in prepayments and other debtors	(343)	(47)
Increase in stock	(45)	(72)
Increase/(decrease) in creditors	447	(136)
Exchange differences	(67)	(176)
Net cash inflow from continuing operating activities	1,680	2,887

Notes to the financial statements for the year ended 31 December 2004

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important group accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the group will continue in operational existence for the foreseeable future.

In making this assumption, the directors have considered the future trading prospects and cashflows of the group. Existing banking and lending facilities have been rescheduled in January 2005 and based on cashflow projections the Group is expected to be able to meet the new loan repayment requirements. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Details of the revised credit facility can be found in Note 25.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2004. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Related party transactions

Transactions between the company and other group companies have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(c).

Goodwill

The group has capitalised positive purchased goodwill arising on acquisitions. This is being amortised over a period of 10 years which is the period the directors consider to be the useful economic life of the asset. The useful economic life for goodwill on the acquisition made in 1998 was revised from 20 years to 10 years during 1999. The useful economic life for goodwill on the acquisition made in 1997 was revised from 20 years to 10 years during 2001. The directors consider this to be the remaining useful economic life. Provision is made for impairment in value when required.

Tangible fixed assets and other intangible fixed assets

The cost of tangible and intangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets and intangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Buildings	2 ½
Plant and machinery	7 - 50
Fixtures, fittings and equipment	25
Leasehold improvements	over the term of the lease
Motor vehicles	25 - 50
Patents	10

The cost of land is not depreciated.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which substantially transfer all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Investments

Fixed asset investments are stated at cost less provision for impairment in value.

Fees and issue costs

Share issue costs are written off against the share premium account. The costs of issue of capital instruments are charged to the profit and loss account over the life of the instrument. A corresponding amount is subsequently transferred from the profit and loss reserve to the share premium account.

Fees incurred directly in making the acquisitions are included in the cost of investment of the subsidiaries.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stock.

Foreign currencies

Assets and liabilities as well as the results of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences on exchange arising from the retranslation of the acquired net investment in subsidiaries are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Turnover

Turnover, which excludes value added tax, sales between group companies and trade discounts represents the invoiced value of goods and services supplied. Invoices are raised on despatch of

products and revenue is recognised on this basis.

Deferred taxation

Provision is made for deferred taxation, using the full provision method on an undiscounted basis, on all material timing differences. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Pension costs

The group operates a defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of variation from regular cost are spread over the expected average remaining service lives of members of the scheme. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet. The company therefore continues to account for pensions under SSAP24.

The group provides no other post retirement benefits to its employees.

The group has adopted the transitional arrangements under FRS17, 'Retirement Benefits' in these financial statements and the required disclosures given in note 17.

In addition the group makes contributions to a defined contribution pension scheme for certain employees. The contributions of £500 (2003: £500) are included in pension costs.

2 Turnover

The group's turnover is derived entirely from its principal activity.

	2004 £'000	2003 £'000
Turnover by destination		
United Kingdom	4,118	4,232
Continental Europe	6,331	6,317
North America	4,100	3,778
Asia	308	317
Middle East and Africa	94	138
Australia	337	272
	15,288	15,054

3 Directors' emoluments

	2004 £'000	2003 £'000
Aggregate emoluments	101	157
Sums paid to third parties for directors services	20	38

The payment of the above emoluments is borne by P C Cox Limited, a subsidiary undertaking.

Retirement benefits are accruing to one director (2003: one) under the group's defined benefit scheme.

4 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was:

By activity	2004 Number	2003 Number
Management	3	3
Production	257	254
Selling and distribution	13	12
Administration	27	26
	300	295

	2004 £'000	2003 £'000
Staff costs (for the above persons)		
Wages and salaries	4,814	4,588
Social security costs	403	363
Pension costs (note 17)	215	248
	5,432	5,199

5 Operating loss

	2004 £'000	2003 £'000
Operating loss is stated after charging:		
Depreciation charge for the year on:		
Tangible owned fixed assets	501	567
Tangible leased fixed assets	17	10
Amortisation charge for year on intangible fixed assets	2,401	2,401
Auditors' remuneration - audit services	93	86
Auditors' remuneration - non-audit services	24	20
Hire of plant and machinery - operating leases	52	69
Hire of other assets - operating leases	449	436

Audit fees and non-audit fees for the company were borne by P C Cox Limited.

6 Interest payable and similar charges

	2004 £'000	2003 £'000
On bank loans and overdrafts	603	653
On debentures and other loans	1,773	1,560
On finance leases	9	2
Other interest	3	-
	2,388	2,215

7 Tax on loss on ordinary activities

	2004 £'000	2003 £'000
Current tax:		
UK and US corporation tax on results for the year	125	126
Adjustment to tax charge in respect of prior years	-	(3)
Group relief	-	(33)
Total current tax charge	125	90
Deferred tax:		
Origination and reversal of timing differences	(4)	(53)
Adjustment of tax in respect of prior years	34	(314)
Total deferred tax charge/(credit)	30	(367)
Tax on loss on ordinary activities	155	(277)

The tax charge for the year is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
Loss on ordinary activities before tax	(3,235)	(2,731)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK 30% (2003: 30%)	(970)	(819)
Effects of:		
Expenses not deductible for tax purposes	291	371
Accelerated capital allowances and other timing differences	782	533
Adjustment to tax charge in respect of previous year	-	(3)
Excess foreign tax suffered	2	3
Tax rate differences	20	5
Tax charge for the year	125	90

8 Loss for the financial year

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company has not been included in these financial statements. The loss for the year attributable to shareholders of the Company was £665,403 (2003: £847,456).

9 Intangible fixed assets

The company has no intangible fixed assets. Details of those relating to the group are as follows:

Group	Patents £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2004	5,400	15,705	21,105
At 31 December 2004	5,400	15,705	21,105
Accumulated amortisation			
At 1 January 2004	3,600	9,469	13,069
Charge for the year	540	1,861	2,401
At 31 December 2004	4,140	11,330	15,470
Net book amount			
At 31 December 2004	1,260	4,375	5,635
Net book amount			
At 31 December 2003	1,800	6,236	8,036

Goodwill includes intellectual property rights.

10 Tangible fixed assets

The company has no tangible fixed assets. Details of those relating to the group are as follows:

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2004	2,879	142	5,310	123	39	8,493
Exchange differences	(36)	-	(39)	(2)	-	(77)
Additions	9	22	877	-	-	908
Disposals	-	-	(76)	-	(20)	(96)
At 31 December 2004	2,852	164	6,072	121	19	9,228
Accumulated depreciation						
At 1 January 2004	225	77	3,557	51	25	3,935
Exchange differences	(4)	-	(32)	(4)	-	(40)
Charge for year	33	7	458	14	6	518
Disposals	-	-	(35)	-	(20)	(55)
At 31 December 2004	254	84	3,948	61	11	4,358
Net book amount						
At 31 December 2004	2,598	80	2,124	60	8	4,870
Net book amount						
At 31 December 2003	2,654	65	1,753	72	14	4,558

The net book value of assets held under finance leases amounted to £270,983 (2003: £26,684).

11 Fixed asset investments

Company	Loans to subsidiary undertakings £'000	Interests in subsidiary undertakings £'000	Total £'000
Cost and net book amount			
at 31 December 2004	7,047	85	7,132
Cost and net book amount			
at 31 December 2003	7,047	85	7,132

Group	Interests in own shares £'000	Total £'000
Cost and net book amount at 31 December 2004	42	42
Cost and net book amount at 31 December 2003	42	42

Details of subsidiary undertakings, which have all been consolidated in these financial statements, are as follows:

Name of undertaking	Country of registration/ incorporation	Description of shares held	Proportion of nominal value of ordinary shares held		Principal activities
			Group	Company	
Cox North America LLP	United States of America	Unincorporated	100%	5%	Intermediate holding company
Cox North America Inc.	United States of America	Ordinary \$1 shares	100%	-	Sale and distribution of sealant applicators
P C Cox Ltd	United Kingdom	Ordinary £1 shares	100%	100%	Manufacture of sealant applicators
Mays (Pressure Diecastings) Ltd	United Kingdom	Ordinary £1 shares	100%	-	Pressure diecasters and toolmakers
Ark Plastics Products Ltd	United Kingdom	Ordinary £1 shares	100%	-	Plastic injection moulders

The address of the principal place of business of Cox North America LLP is 1013 Centre Road, Wilmington, Delaware 19805.

12 Stocks

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Raw materials and consumables	855	865	-	-
Work in progress	189	210	-	-
Finished goods	365	289	-	-
	1,409	1,364	-	-

13 Debtors

	Group		Company	
	2004	2003 (restated)	2004	2003
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	2,437	2,044	-	-
Corporation tax recoverable	12	118	-	-
Amounts owed by group undertakings	-	-	1,061	347
Other debtors	370	154	-	-
Prepayments and accrued income	391	264	-	-
	3,210	2,580	1,061	347

The amounts owed by group undertakings are unsecured, have no fixed repayment date and interest is payable at a rate of 8% (2003: 8%).

14 Creditors: Amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Bank overdrafts (secured – note 15)	420	912	-	-
Bank loans (secured – note 15)	7,839	3,857	-	-
Other loans (see note 15)	500	500	500	500
Finance leases	62	7	-	-
Trade creditors	926	692	-	-
Other taxation and social security	160	169	-	-
Accruals and deferred income	877	655	225	149
	10,784	6,792	725	649

15 Creditors: Amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
14% unsecured loan stock 2006	13,785	12,07	10,476	9,171
12% secured loan stock 2000-2002 (secured)	500	50	500	500
Bank loans and overdrafts (secured)	8,259	8,96	-	-
Finance leases	225	1	-	-
	22,769	21,55	10,976	9,671
Less: Amounts falling due within one year				
12% secured loan stock 2000-2002 (secured)	(500)	(50	(500)	(500)
Bank loans and overdrafts (secured)	(8,259)	(4,76	-	-
Finance leases	(62)	(-	-
	13,948	16,27	10,476	9,171

Loan stocks, bank loans and overdrafts

Repayable as follows:

In one year or less	8,759	5,26	500	500
Between one and two years	13,785	4,19	10,476	-
Between two and five years	-	12,07	-	9,171
Total	22,544	21,53	10,976	9,671

The bank loans, overdrafts and 12% loan stock are secured by a fixed and floating charge over the assets of the company and other group undertakings. The loan stock is subordinated to the bank loans. Interest is payable on the bank loans. The variable rates range between 2% and 3.5% (2003: 2% and 3.5%) above LIBOR and the fixed rate at 3.1% (2003: 3.1%). These rates are dependent on the group's loss before interest and tax.

To date, funding bonds have been issued to the value of £1,928,974. It is not anticipated that funding bonds will be issued for the 2005 year end. When the loan notes are redeemed, the use of funding bonds will result in 20% of the liability being due to the Inland Revenue, representing withholding tax on the interest payments. The remaining 80% is due to CVC European Equity Partners LP.

Finance leases

The company has no finance leases. The future minimum payments under finance leases to which the group is committed are:

		Restated
	2004	2003
	£'000	£'000
Within one year	62	7
Between two and five years	163	8
	225	15

The 2003 maturity has been reanalysed between categories consistent with the 2004 disclosure.

16 Provision for liabilities and charges

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Deferred taxation				
At 1 January	14	392	-	-
Exchange differences	9	(11)	-	-
Profit and loss account	30	(367)	-	-
At 31 December	53	14	-	-

Deferred taxation provided in the financial statements and the amount un-provided of the total potential liability/(asset) are as follows:

Group	Amount provided		Amount un-provided	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	48	483	(206)	(45)
Other short term timing differences	19	(457)	(1,077)	(1,043)
Pension	(14)	-	-	-
Losses	-	(12)	(937)	(321)
	53	14	(2,220)	(1,409)

Company	Amount provided		Amount un-provided	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Tax effect of short term timing differences	-	-	(690)	(1,034)
Losses	-	-	(401)	-
	-	-	(1,091)	(1,034)

17 Pension commitments

The group operates a defined benefit plan for its employees, the PC Cox Limited Pension Scheme. The assets of the plan are administered by trustees and are held separately from the group.

Following the acquisition of the P C Cox division trade in May 1997 a pension plan was established on 1 October 1997. The employees were participating in the pension scheme operated by BBA Group plc from whom P C Cox's trade was purchased, from completion of the acquisition up to 30 September 1997. A bulk transfer value representing the value of the employees' accrued benefits in the BBA schemes was transferred into the plan.

The contributions paid into the plan by the group in respect of defined and guaranteed benefits for the year ended 31 December 2004 amounted to £215,000 (2003: £248,000), being 14.6% of pensionable pay of staff and 24.2% of pensionable pay of executives. From January 2005 these contribution rates have changed to 10.2% of pensionable pay for staff and 21.3% of pensionable pay for executives plus annual contributions of £105,000. These contribution rates will continue until reviewed following the triennial valuation of the scheme due as at 30 September 2006.

The last full actuarial valuation of the PC Cox Limited Pension Scheme was carried out by a qualified, independent actuary, Jardine Lloyd Thompson, as at 30 September 2003. The assumptions that have the most significant effect on the results of the valuation are those relating to the rates of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns would be 7% per annum, general salary increases 5% per annum and that pensions would increase at the rate of 3% per annum.

The financial assessment showed that the market value of the schemes assets at 30 September 2003 was £3,472,725. The actuarial value of these assets at 30 September 2003, under the continuing valuation basis was £3,417,000, which represented 79% of the benefits that had accrued to members, after allowing for future expected increases in earnings.

These disclosures are in line with SSAP 24.

FRS 17 Retirement benefits

The transitional arrangements of the new accounting standard FRS17 require disclosure of assets and liabilities as at 31 December 2004 calculated in accordance with the requirements of FRS17. They also require disclosure of the items which would appear in the profit and loss account and in the statement of total recognised gains and losses were the full requirements of FRS17 in place. For the purpose of these financial statements, all of these figures are illustrative only and do not impact on the actual 31 December 2004 group and company balance sheet or on this year's performance statements.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial assessment at 30 September 2003 and updated by Jardine Lloyd Thompson, the actuaries to the pension scheme, to take account of the requirements of FRS 17 as at 31 December 2004.

In accordance with FRS17, the service cost has been calculated using the projected unit method. As the Scheme is closed to new entrants the current service cost under the projected unit method will increase as the members of the Scheme approach retirement.

The financial assumptions used to calculate the scheme liabilities under FRS 17 are:

	2004	2003	2002
	%	%	%
Rate of increase in salaries	4.75	4.75	4.25
Rate of increase in pensions in payment (post 1997)	3.0	3.0	2.5
Revaluation rate for deferred pensioners	3.0	3.0	2.5
Discount rate	5.25	5.5	5.25
Inflation assumption	3.0	3.0	2.5

The assets and liabilities in the scheme and the expected rates of return were:

	Long term expected rate of return at 31 December 2004 %	Value at 31 December 2004 £'000	Long term expected rate of return at 31 December 2003 %	Value at 31 December 2003 £'000	Long term expected rate of return at 31 December 2002 %	Value at 31 December 2002 £'000
Equities	7.75	3,717	7.75	3,366	7.75	2,499
Bonds	4.5	360	4.75	351	4.5	487
Cash	4.75	215	3.75	15	3.5	140
Total market value of assets		4,292		3,732		3,126
Present value of scheme liabilities		(6,945)		(5,947)		(5,280)
Deficit in scheme		(2,653)		(2,215)		(2,154)
Deferred tax		796		664		646
Deficit in scheme net of deferred tax		(1,857)		(1,551)		(1,508)

These figures are for illustrative purposes only under the transitional provisions of FRS17 and are therefore not reflected in the balance sheet of the group.

If these amounts had been recognised in the financial statements, the net assets and reserves at 31 December 2004 would be as follows:

	2004 £'000	2003 £'000
Net liabilities		
Net liabilities excluding pension liability	(8,987)	(5,482)
Pension liability (net of deferred tax)	(1,857)	(1,551)
Net liabilities including pension liability	(10,844)	(7,033)
	2004 £'000	2003 £'000
Reserves		
Profit and loss account deficit excluding pension liability	(9,821)	(6,330)
Pension liability (net of deferred tax)	(1,857)	(1,551)
Profit and loss account deficit including pension liability	(11,678)	(7,881)

The following amounts would have been recognised in the performance statements in the year to 31 December 2004 under the requirements of FRS 17.

	2004 £'000	2003 £'000
Analysis of the amount charged to operating profit		
Current service cost	276	281
Total operating charge	276	281

Analysis of the amount charged/(credited) to other finance income:	2004 £'000	2003 £'000
Expected return on pension scheme assets	(283)	(222)
Interest on pension liabilities	332	280
Net return	49	58

Analysis of amount recognised in statement of total recognised gains and losses:	2004 £'000	2003 £'000
Difference between expected and actual return on assets	137	340
Experience gains and losses arising on the scheme liabilities	380	29
Changes in assumptions	(845)	(339)
Actuarial (loss)/gain recognised	(328)	30

Movement in deficit during the year	2004 £'000	2003 £'000
Deficit in scheme at beginning of year	(2,215)	(2,154)
<i>Movement in year:</i>		
Current service cost	(276)	(281)
Net return on assets	(49)	(58)
Contributions	215	248
Actuarial (loss)/gain	(328)	30
Deficit in scheme at end of year	(2,653)	(2,215)

History experience gains and losses	2004	2003	2002
Difference between expected and actual return on assets			
amount (£'000)	137	340	(911)
% of plan assets at end of year	3.2	9.1	29.1
Experience gains and losses arising on the scheme liabilities	380	29	72
amount (£'000)	5.5	0.5	1.4
% of plan liabilities at end of year			
Total actuarial (loss)/gain recognised in statement of total recognised gains and losses	(328)	30	(1,286)
amount (£'000)	4.7	0.5	24.4
% of plan liabilities at end of year			

18 Called-up share capital

	2004 £'000	2003 £'000
Authorised		
1,000,000 ordinary shares of 1p each	10	10
Allotted, called-up and fully paid		
1,000,000 ordinary shares of 1p each	10	10

19 Share premium account and reserves

Group	Share premium account £'000	Profit and loss (deficit) £'000
At 1 January 2004 as previously reported	838	(6,233)
Prior year adjustment – UITF 38	-	(97)
At 1 January 2004 as restated	838	(6,330)
Transfer to share premium account	(14)	14
Exchange differences	-	(115)
Loss for the financial year	-	(3,390)
At 31 December 2004	824	(9,821)

Prior year adjustment

The prior year adjustment relates to shares held by an Employee Benefit Trust previously shown as an asset and now as a deduction from shareholders' deficit.

Company	Share premium account £'000	Profit and loss (deficit) £'000
At 1 January 2004	838	(3,164)
Transfer to share premium account	(14)	14
Loss for the financial year	-	(665)
At 31 December 2004	824	(3,815)

20 Reconciliation of movements in shareholders' (deficit)

Group	2004 £'000	2003 (restated) £'000
Loss for the financial year	(3,390)	(2,454)
Exchange differences	(115)	(152)
Net increase to shareholders' deficit	(3,505)	(2,606)
Shareholders' deficit as at 1 January as previously reported	-	(2,779)
Prior year adjustment	-	(97)
Shareholders' deficit as at 1 January as restated	(5,482)	(2,876)
Shareholders' deficit as at 31 December as restated	(8,987)	(5,482)

Company	2004 £'000	2003 £'000
Loss for the financial year	(665)	(848)
Opening shareholders' (deficit)	(2,316)	(1,468)
Closing shareholders' (deficit)	(2,981)	(2,316)

21 Reconciliation of net cash flow to movement in net debt

	2004		2003	
	£'000	£'000	£'000	£'000
Increase/(decrease) in cash in the year	181		(554)	
Cash outflow from decrease in debt and lease financing	250		2,424	
Changes in net debt resulting from cash flows		431		1,870
Exchange differences		(39)		87
New finance leases		(266)		(10)
Accrual for finance cost of debt		(1,731)		(1,530)
Movement in net debt in the year		(1,605)		417
Net debt at 1 January		(20,532)		(20,949)
Net debt at 31 December		(22,137)		(20,532)

22 Analysis of net debt

	At 1 January 2004 £'000	Cash flow £'000	Other non cash changes £'000	Exchange differences £'000	At 31 December 2004 £'000
Cash at bank and in hand	1,019	(356)	-	(31)	632
Overdraft	(912)	537	-	(45)	(420)
	107	181	-	(76)	212
Debt due after one year	(16,267)	-	2,482	-	(13,785)
Debt due within one year	(4,357)	194	(4,213)	37	(8,339)
Finance leases	(15)	56	(266)	-	(225)
	(20,639)	250	(1,997)	37	(22,349)
Total	(20,532)	431	(1,997)	(39)	(22,137)

23 Contingent liabilities

Cross guarantees exist in respect of bank loans and overdrafts in other group companies. At 31 December 2004 bank loans and overdrafts in other group companies amounted to £8,259,000 (2003: £8,962,000).

24 Financial commitments

At 31 December 2004, the group had annual commitments under non-cancellable operating leases expiring as follows:

	2004		2003	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	18	113	21
Expiring between two and five years inclusive	-	49	14	45
Expiring in over five years	292		249	-
	292	67	376	66

At 31 December 2004, the group had capital commitments as follows:

	2004	2003
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	439	-

The company had no capital or annual commitments under non-cancellable operating leases at 31 December 2004 (2003: nil).

25 Post balance sheet events

On 31 January 2005 P C Cox Limited and P C Cox Holdings Limited signed a new £7,850,000 banking facility with the Bank of Scotland, replacing the existing facility (see Note 14) on extended terms. The new revolving facility has final maturity dates of 31 March 2009 and 31 December 2010 and provides committed bank financing for general corporate purposes and working capital requirements. The principal terms of the new syndicated facility include:

- The facility has two tranches (a £3,850,000 facility (A Term Loan) and a £4,000,000 facility (B Term Loan), both available to P C Cox Holdings Limited and P C Cox Limited)
- Under the new facility the repayment due in 2005 is £750,100
- The new Term Loan is secured by Security Documents that P C Cox Holdings Limited, P C Cox Limited and other Group companies have granted in favour of the Bank of Scotland prior to the date the refinancing facility was granted.

26 Ultimate controlling party and related party disclosures

The directors regard CVC European Equity Partners LP as the ultimate controlling party.

In 1997, CVC European Equity Partners LP made a loan of £3,849,500 to the company. This loan is repayable on 9 May 2006 and bears interest at 14% per annum. The total interest charged to the company profit and loss account during the year was £1,304,446 (2003: £1,142,027). At 31 December 2004, the amount due to CVC European Equity Partners LP was £10,476,474 (2003: £9,171,458).

In 1997, CVC European Equity Partners LP made a loan of £5,151,275 to the group. This loan is repayable on 9 May 2006 and bears interest at 14% per annum. The total interest charged to the group profit and loss account during the year was £1,710,767 (2003: £1,498,449). At 31 December 2004, the amount due to CVC European Equity Partners LP was £13,785,091 (2003: £12,073,753).

At 31 December 2004 Debtors includes £10,000 in respect of outstanding loans made to officers of the group. This total is made up of £5,000 owed by FJ Lumb a director of the company and subsidiary companies, and £5,000 owed by D Inglut an officer of the company and director of PC Cox Ltd. All loans are interest-free with no fixed repayment date.